



Suzanne Henderson

Producers 88 (8/99)  
TX-Gen  
Paid-up, Pooling

**OIL, GAS AND MINERAL LEASE**

This Lease Agreement (the "Lease") is entered into this 1st day of April, 2008, (the "Effective Date") between **LUMINANT MINERAL DEVELOPMENT COMPANY, LLC** as "Lessor," whether one or more, and **XTO ENERGY INC., a Delaware Corporation**, whose address is 810 Houston Street, Fort Worth, Texas, 76102, as "Lessee."

In consideration of the sum of Ten Dollars (\$10.00) and other valuable consideration, the receipt of which is acknowledged, and of the royalties and agreements of Lessee contained in this Lease, Lessor grants, leases, and lets exclusively to Lessee, its successors and assigns, all of the land described in this Lease, together with any reversionary rights of Lessor, for the purpose of exploring by geological, geophysical, and all other methods, and of drilling, producing and operating wells or mines for the recovery of oil, gas and other hydrocarbons, and all other minerals or substances, whether similar or dissimilar, that may be produced from any well or mine on the leased premises, including primary, secondary, tertiary, cycling, pressure maintenance methods of recovery, and all other methods, whether now known or unknown, with all related incidental rights, and to establish and utilize facilities for surface and subsurface disposal of salt water, and to construct, maintain and remove roadways, tanks, pipelines, electric power and telephone lines, power stations, machinery and structures thereon, to produce, store, transport, treat and remove all substances described above, and their products, together with the right of ingress and egress to and from the land subject to this Lease and across any other land now or later owned by Lessor. The land that is covered by and subject to this Lease is situated in **Tarrant County, Texas**, and is described as follows and referred to in this Lease as the "land" or the "lands":

**SEE EXHIBIT A FOR LEGAL DESCRIPTION****SEE EXHIBIT B FOR ADDITIONAL PROVISIONS TO THIS LEASE**

This Lease covers all of the land described above, and in addition it covers and there is expressly leased, let, and demised to the same extent as if described above, all lands owned or claimed by Lessor adjacent, contiguous to or a part of the lands specifically described above, whether the additional lands are owned or claimed by deed, limitation or otherwise, and whether they are inside or outside the stated description, whether they are held under fence by Lessor or not, and whether the additional lands are in the named survey or other survey or surveys. This is a Lease in gross and not by the acre and the bonus money paid shall be effective to cover all such lands irrespective of the number of acres they actually contained, and the lands included within the terms of this Lease are estimated to comprise **16.379 acres**, whether they actually comprise more or less.

1. Without reference to the commencement, prosecution, or cessation at any time of drilling or other development operations, or to the discovery, development, or cessation at any time of production of oil, gas, or other minerals, and notwithstanding anything else contained in this Lease to the contrary, this Lease shall be for a term of **one (1) year** from the date stated above (the "Primary Term") and as long thereafter as oil, gas, or other minerals are produced from the lands, or land with which the lands are pooled, or as long as this Lease is continued in effect as otherwise provided by the terms of this Lease.

2. The royalties to be paid by Lessee are: (a) on oil, and on other liquid hydrocarbons saved at the well, 1/4th of that produced and saved from the land, the same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected, Lessor's interest in either case shall bear its proportionate share of any expenses for treating oil to make it marketable as crude; (b) on gas, including casinghead gas or other gaseous substances produced from the land and sold on or off the premises, 1/4th of the net proceeds at the well received from the sale of gas, provided that on gas

used off the premises or by Lessee in the manufacture of gasoline or other products, the royalty shall be the market value at the well of 1/4th of the gas so used, and as to all gas sold by Lessee under a written contract, the price received by Lessee for that gas shall be conclusively presumed to be the net proceeds at the well or the market value at the well for the gas so sold; (c) on all other minerals mined and marketed, 1/4, either in kind or value at the well or mine at Lessee's election; and, (d) at any time and from time to time either at or after the expiration of the Primary Term of this Lease, if there is a gas well or wells on the land or lands pooled with the land subject to this Lease (and for purposes of this clause (e) the term "gas well" shall include wells capable of producing natural gas, condensate, distillate, or any gaseous substance and wells classified as gas wells by any governmental authority) and the well or wells are or have been shut-in before or after production, it shall be deemed that the well or wells are producing gas within the meaning of paragraph 1 and this Lease shall not terminate. In that event, Lessee covenants and agrees to pay, as royalty, shut-in gas royalty in the amount of Ten Dollars (\$10.00) per annum as long as the well or wells are shut-in and this Lease is not maintained in force or effect by any other of its provisions. The shut-in royalty shall be paid or tendered to Lessor. Any payment or tender of shut-in royalty made under the terms of this Lease may be made by check or draft of Lessee mailed or delivered to Lessor. In the event Lessee is obligated to pay the shut-in royalty indicated, the first payment of shut-in royalty shall be due and payable on or before ninety (90) days following the date on which the well is shut-in, or if shut-in during the Primary Term then on or before ninety (90) days following the expiration of the Primary Term, and subsequent payments, if required under the terms of this paragraph shall be due and payable annually on or before the anniversary of the date of the original payment.

It is specifically provided that this is a Paid-Up Lease during the Primary Term and there shall be no obligations or liability on the Lessee to make any shut-in royalty payment or other payment during the Primary Term, and without any other payment this Lease shall remain in full force and effect during the Primary Term. The obligation to pay the shut-in royalty provided for above shall be a covenant running with the land.

3. If at the expiration of the Primary Term of this Lease, oil, gas, or other minerals are not being produced from the lands or land pooled with the lands subject to this Lease, but Lessee is then engaged in drilling or reworking operations, this Lease shall remain in force so long as drilling or reworking operations, are prosecuted (whether on the same or different wells) with no cessation of more than sixty (60) consecutive days, and if they result in production, so long thereafter as oil, gas, or other minerals are produced from the lands or land pooled with the lands subject to this Lease. If production of oil, gas, or other minerals on the lands or land pooled with the lands should cease from any cause after the primary term, this Lease nevertheless shall continue in force and effect as long as additional drilling operations or reworking operations are conducted on this Lease, or on any acreage pooled with the lands, which additional operations shall be deemed to be had when not more than sixty (60) days elapse between the abandonment of operations on one well and the commencement of operations on another well, and if production is obtained this Lease shall continue as long as oil, gas, or other minerals are produced from the lands or land pooled with the lands, and as long thereafter as additional operations, either drilling or reworking are had on the lands or pooled lands. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and fraced within 330 feet of and draining the leased premises, Lessee agrees to drill offset wells as a reasonably prudent operator would drill under the same or similar circumstances. The judgment of the Lessee, when not fraudulently exercised, in carrying out the purpose of this Lease shall be conclusive.

4. Lessee, its successors and assigns, at its option, at any time and from time to time, and without Lessor's joinder or further consent, is given the right and power to pool all or any part of the land or any interests covered by this Lease, as to oil, gas, condensate or distillate, or any of them, or either of them, with any other land, interests, lease or leases, or any of them adjacent, adjoining, or located in the immediate vicinity of the lands, when in Lessee's judgment it is necessary or advisable to do so in order to efficiently develop or operate the lands in compliance with the spacing rules of the Railroad Commission of Texas, or other lawful authority, or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas on the lands, the pooling to be into a well unit or units not exceeding forty (40) acres for oil plus an acreage tolerance of ten

percent (10%), and not exceeding six hundred forty (640) acres for gas plus an acreage tolerance of ten percent (10%), provided that should the governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, units may be created or enlarged to conform substantially in size with those prescribed or permitted by governmental regulations. Lessee may pool all or part of the land or interests described above, provided as to oil or gas in any one or more strata and any units formed need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee to pool the lands, or any portion of the lands, into other units. Lessee shall execute in writing and file for record in the county or counties where the lands are situated an instrument designating and describing the pooled acreage, which pooling and designation may be accomplished either before or after a well or wells are drilled or completed on the unit. The entire acreage so pooled into a unit shall be treated for all purposes, except the payment of royalties, overriding royalties or payments out of production, as if it were included in this Lease; and drilling or reworking operations, production of oil or gas, condensate or distillate, cessation of production, or the existence of a shut-in gas well, shall be considered for all purposes, except the payment of royalties, as if the operations were conducted, or the production or cessation of production or existence of a shut-in gas well were on the land, whether or not the well or wells be located on the lands. In lieu of the royalties, overriding royalties or payment out of production, if any, specified in this Lease, Lessor shall receive from a unit only the portion of the royalty, overriding royalty or payment out of production, if any, as the amount of the acreage (surface acres) in the lands subject to this Lease, which is placed in the unit bears to the total acreage (surface acres) pooled in the particular unit involved. Shut-in gas royalties with respect to unit shut-in gas wells shall be payable in accordance with the provisions and in the amount set forth in this Lease. Should any unit created by the terms of this Lease contain less than the maximum number of acres specified or allowed, then Lessee may at any later time, whether before or after production is obtained on the unit, enlarge the unit by adding additional acreage, but the enlarged unit shall in no event exceed the acreage content specified or allowed. In the event an existing unit is enlarged, Lessee shall execute and file for record in the county or counties in which the lands are located a supplemental designation and description of the land added to the existing unit; provided, that if the supplemental designation and description is not filed until production is obtained on the unit as originally created, then and in that event the supplemental designation and description shall not become effective until the first day of the calendar month next following the filing. At any time, for any reason, or in the event the well or wells drilled on any unit shall fail to produce oil or gas, or in the event the production from any well or wells shall cease, Lessee may terminate any unitized area. A termination may be accomplished by filing for record in the county or counties where the lands are located proper instruments evidencing that termination. If this Lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this Lease but Lessee shall nevertheless have the right to pool as provided above with consequent allocation of production as above provided. As used in this paragraph, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the lands.

5. Lessee shall have the free use of oil, gas, and water from the lands, except water from Lessor's wells and tanks, for all operations under this Lease, including but not limited to repressuring, pressure maintenance, cycling, and secondary recovery operations, and the royalty on oil and gas shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this Lease to remove all property and fixtures placed on the lands by Lessee, including the right to draw and remove all casing. No well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on the lands, without Lessor's consent.

6. The rights of either Lessor or Lessee may be assigned in whole or in part, and the provisions of this Lease shall extend to the heirs, executors, administrators, successors, and assigns of the Lessor and Lessee, but no change or division in ownership of the lands or royalties, however accomplished, shall operate to enlarge the obligations or diminish

the rights of Lessee or impair the effectiveness of any payment previously made by Lessee. No change or division in the ownership of the lands or royalties shall impair the effectiveness of any payment previously made by Lessee or be binding on Lessee for any purpose (and irrespective of whether Lessee has either actual or constructive knowledge) until 60 days after the person acquiring any interest has furnished Lessee with the instrument or instruments or certified copies of them, constituting the person's chain of title from the original Lessor.

7. Lessee shall not be liable for delays or defaults in its performance of any agreement or covenant in this Lease due to force majeure. The term "force majeure" shall mean: any act of God including, but not limited to storms, floods, washouts, landslides, and lightening; acts of the public enemy; wars, blockades, insurrection or riots; strikes or lockouts; epidemics or quarantine regulations; laws, acts, orders, or requests of federal, state, municipal or other governments or other governmental officers or agents under color of authority; freight embargoes or failures; exhaustion or unavailability or delays in delivery of any product, labor, service or material. If Lessee is required, ordered, or directed by any federal, state, or municipal law, executive order, rule, regulation, or request enacted or promulgated under color of authority to cease drilling operations, reworking operations or producing operations on the lands covered by this Lease, or if Lessee by force majeure is prevented from conducting drilling operations, reworking operations, or producing operations, then until such time as such law, order, rule, regulation, request, or force majeure is terminated and for a period of ninety (90) days after such termination each and every provision of this Lease that might operate to terminate it or the estate conveyed by it shall be suspended and inoperative and this Lease shall continue in full force. If any period of suspension occurs during the Primary Term, that time shall be added to the Primary Term.

8. Without impairment of Lessee's rights under any warranty of title set forth herein, in the event of failure of title in whole or in part and/or if Lessor does not own or have the right to lease the entire mineral estate in the land subject to this Lease, then the royalties and any other sums payable shall be reduced proportionately. Should any party named above as Lessor fail to execute this Lease, or should any party execute the Lease who is not named as a Lessor, it shall nevertheless be binding on the party or parties executing it. All royalty interest covered by this Lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. Lessee, at its option, may discharge any tax, mortgage, or other lien or interest and other charges on the land, and in the event Lessee does so, Lessee will have the option of applying the royalties accruing to Lessor toward payment of same and Lessee shall be subrogated to the rights of the holder thereof.

9. Lessee, its successors and assigns, shall have the right at any time to surrender this Lease, in whole or in part, to Lessor or Lessor's heirs and assigns by delivering or mailing a release to the Lessor, or by placing a release of record in the county in which the lands are located. After that time, Lessee shall be relieved from all obligations, expressed or implied, of this Lease as to the lands surrendered.

[SIGNATURES AND ACKNOWLEDGMENTS ON FOLLOWING PAGE]

This Lease is executed by Lessor on the date of the acknowledgment of Lessor's signature, but is effective as of the Effective Date.

**Lessor:**  
**LUMINANT MINERAL DEVELOPMENT COMPANY, LC**

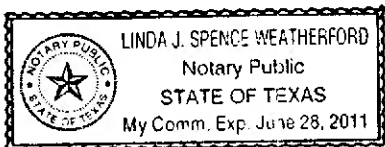
By: [Signature]  
Name: Brett Wiggs  
Title: Authorized Representative.

**Lessee: XTO ENERGY INC.**

By: [Signature]  
Name: Edwin S. Ryan, Jr.  
Title: Senior Vice President-Land

STATE OF TEXAS       §  
COUNTY OF DALLAS   §

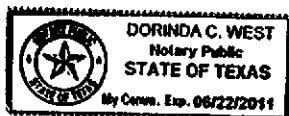
This instrument was acknowledged before me on April 8, 2008, by Brett Wiggs, Authorized Representative of Luminant Mineral Development Company, LLC, on behalf of said limited liability company.



[Signature]  
Notary Public, State of \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Commission Expires: \_\_\_\_\_

STATE OF TEXAS       §  
COUNTY OF           §

This instrument was acknowledged before me on May 1, 2008 by Edwin S. Ryan, Jr., Senior Vice President – Land, of XTO Energy Inc., A Delaware Corporation, on behalf of said corporation.



[Signature]  
Notary Public, State of TEXAS  
Printed Name: DORINDA C. WEST  
Commission Expires: 06-22-2011

## **EXHIBIT "A"**

Attached hereto and made a part hereof to that certain Oil and Gas Lease date April 1, 2008 by and between Luminant Mineral Development Company, LLC and XTO Energy Inc., to-wit:

Being 14.740 acres, more or less, out of the A.F. Albright Survey, Abstract # 1849, the J. Armendaris Survey, Abstract # 58, and the David Cook Survey, Abstract # 345, more particularly described in that certain Warranty Deed by and between Bess Flo Pope, et al, Grantors and Texas Electric Service Company, Grantee, dated September 16, 1971, recorded Volume 5153, Page 300, Deed Records, Tarrant County, Texas. D-2109

Being 1.639 acres, more or less, out of the A.F. Albright Survey, Abstract # 1849, and the David Cook Survey, Abstract # 345, more particularly described in that certain Warranty Deed by and between Burrus Mills, Incorporated, Grantors and Texas Electric Service Company, Grantee, dated September 29, 1971, recorded Volume 5128, Page 568, Deed Records, Tarrant County, Texas. D-2103

Containing 16.379 acres, more or less.

## **EXHIBIT B**

Attached to and made a part of that certain Oil and Gas Lease by and between Luminant Mineral Development Company, LLC as Lessor and XTO Energy, Inc, as Lessee, dated April 1, 2008

10. These additional provisions are attached to and made a part of the Lease. In the event of a conflict between the terms and provisions contained in this Exhibit B and the terms and provisions of the foregoing form Lease, the terms and provisions of this Exhibit B will control.

11. It is understood and agreed that at the end of the primary term of this Lease or upon the expiration of any extension or renewal, or after cessation of operations as provided herein, whichever occurs last, Lessee shall release all rights lying below one hundred feet (100') below the stratigraphic equivalent of the deepest depth drilled.

12. Notwithstanding anything to the contrary in the foregoing form Lease, this Lease grants no rights of access to, or use of, the surface of the lands described herein, and wherever in this Lease the terms "land" or "lands" are used, the same shall be deemed to refer solely to the subsurface of the lands. Lessee is prohibited from undertaking any acts which in any manner will interfere with Lessor's use and operation of Lessor's facilities located on or above the land covered hereby, including blasting and the use of any subsurface explosives by Lessee. The wellhead for any well on the lands, or lands pooled or unitized herewith may not be located nearer than 200 feet from any existing facility or structure belonging to Lessor.

13. With respect to the royalty provisions of paragraph 2:

(A) All royalties that are payable hereunder shall be paid in accordance with §§ 91.401 through 91.406 of the Texas Natural Resources Code, as same may be amended (or pursuant to any successor statute); however, if any royalty due Lessor is not timely paid as provided thereunder, then, Lessor's royalty will bear interest at the statutory rate from due date until paid, which amount Lessee agrees to pay; and

(B) The royalty interest reserved by Lessor shall not be subject to any costs for drilling, operations, compression, transportation, or cost of development operations of any type, except that Lessor's royalty shall bear its proportionate share of all severance and production taxes or ad valorem taxes as may be imposed by proper governmental authority directly upon Lessor and the actual, reasonable costs (including compression and related fuel charges) paid to or deducted by a third party to transport, compress, stabilize, process or treat the oil, gas and other mineral production.

14. This lease may not be maintained by the shut-in gas royalty provisions of Paragraph 2 after the expiration of the Primary Term for more than 4 years in the aggregate.

15. The parties hereto acknowledge that this Lease covers numerous non-contiguous tracts of land (referred to individually herein as a "Tract" and collectively as the "Tracts"). Lessee may pool or unitize any Tract or Tracts in a unit with other acreage not covered by this Lease, provided however, that no Tract may be pooled or unitized by Lessee unless the entirety of such Tract is included in the unit so created. The mere inclusion of any two or more Tracts in this Lease does not create a community lease that pools or unitizes such Tracts. The formation of any unit hereunder which includes land not covered by this Lease shall not have the effect of exchanging or transferring any interest under this Lease (including, without limitation, any shut-in royalty which may become payable under this Lease) between parties owning interests in land covered by

this Lease and parties owning interests in land not covered by this Lease. Lessee may not release any of the lands described herein from a pooled unit, unless all pooled leases are released as to lands within the unit. At any time while this Lease is in force Lessee may dissolve any unit established hereunder by filing for record in the public office where this Lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of paragraph 4 and this paragraph 15, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force.

16. At the end of the Primary Term, (if this Lease is maintained in effect at the expiration of the Primary Term), Lessee must commence a continuous development program with respect to any Tracts not included in pooled units as of such date in order to maintain this Lease as to such Tracts not included in pooled units as of such date. The term "continuous development program" means that not more than 180 days may elapse between the end of the Primary Term of this Lease and the filing of a unit declaration covering a Tract(s) covered by this Lease and thereafter, not more than 180 days may elapse between the filing of subsequent unit declarations covering Tract(s) covered hereby, until all Tracts are included in pooled units. If more than 180 days elapses between the filing of unit declarations covering Tracts, this Lease will terminate as to all Tracts not then included in pooled units on which a producing well exists. After a Tract is included in a pooled unit, the Tract shall be considered subject to a separate Lease, containing terms and provisions identical to those set forth in this Lease. Each such separate Lease may be kept in force and effect only by actual or constructive production or operations on the pooled unit in which such Tract is included, without regard to production or drilling operations on other pooled units in which other Tracts are included. Within 90 days after any partial termination of this Lease, Lessee shall execute and deliver to Lessor a recordable release of this Lease as to all lands, save and except the Tracts as to which this Lease is preserved as set forth herein.

17. Lessee shall indemnify, hold free and harmless, assume liability for, and defend Lessor, its affiliates, agents, servants, employees, officers, and directors from any and all costs and expenses including, but not limited to, attorneys' fees, reasonable investigative and discovery costs, court costs, and all other sums (collectively, "Claims") which Lessor, its affiliates, agents, servants, employees, officers, and directors may pay or become obligated to pay on account of any, all and every demand for, claim or assertion of liability, or any claim or action founded thereon, arising out of Lessee's or its affiliates and their respective members, agents, servants, employees, officers or directors, operations under this Lease, or by any action or omission by Lessee or their affiliates and their respective members, agents, servants, employees, officers or directors, or due to any operation or other action taken by Lessee on the Leased Premises, unless the Claims result solely from the negligence or willful misconduct of Lessor.

18. Information to be furnished to Lessor:

(A) copies of all applications for drilling permits and designated units filed with the Texas Railroad Commission and/or executed by Lessee and filed of record; and

(B) copies of any assignment of this Lease, or any interest therein, within 30 days of the date of such assignment.

19. The failure of Lessee to satisfy and comply with all statutes, laws, rules and regulations imposed by the United States or Texas or any county or city or any governmental agency or authority pertaining to Lessee's operations or use of the leased premises shall constitute a breach of this Lease.



20. EXCEPT AS EXPRESSLY SET FORTH HEREIN, LESSOR DISCLAIMS ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF TITLE WITH RESPECT TO THE LEASED PREMISES.

21. All written notices required under this Lease must be hand delivered, sent by certified mail or Federal Express next business day delivery addressed to the proper party at the following address:

Lessor: Luminant Mineral Development Company, LLC  
Attention: Oil & Gas Mineral Development  
1601 Bryan Street  
Dallas, TX 75201

Lessee: XTO Energy Inc  
810 Houston Street  
Fort Worth, Texas 76102  
Attn: Edwin S. Ryan, Jr.

22. All royalty payments are to be made payable to Luminant Mineral Development Company, LLC and mailed to Lessor as follows:

Luminant Mineral Development Company, LLC  
Attention: Oil & Gas Mineral Development  
1601 Bryan Street  
Dallas, TX 75201

23. **Offsite Operations.** As a result of land development in the vicinity of the lands, governmental rules or ordinances regarding well sites, and/or surface restrictions as may be set forth in this Lease and/or other leases in the vicinity, surface locations for well sites in the vicinity may be limited and Lessee may encounter difficulty securing surface location(s) for drilling, reworking or other operations. Therefore, since drilling, reworking or other operations are either restricted or not allowed on the land or other leases in the vicinity, it is agreed that any such operations conducted at a surface location off of the lands or off of lands with which the lease premises are pooled in accordance with this Lease, provided that such operations are associated with a directional well for the purpose of drilling, reworking, producing or other operations under the lands or lands pooled therewith, shall for purposes of this Lease be deemed operations conducted on the lands. Nothing contained in this paragraph is intended to modify any surface restrictions or pooling provisions or restrictions contained in this Lease, except as expressly stated.

End of Exhibit B